



SB 648 (Mendoza)

As Amended June 30th, 2016

REFERRAL AGENCIES

Fact Sheet

SUMMARY

SB 648 would close the loophole in placement referral agency licensing by require agencies who refer seniors, or clients, to a Residential Care Facility for the Elderly (RCFE) to be licensed. This bill also requires a placement referral agency to provide their client with specific disclosure notifications so they can make the most informed decision about their or their loved ones, residential care needs.

BACKGROUND

Finding quality housing and care for senior citizens is daunting; even under the most ideal circumstances. For most seniors, following a hospital stay or sudden decline in independence, this decision can feel rushed; creating an environment that makes families and seniors more susceptible to pressure and misinformation. Unfortunately, the consumer often does not have the time, resources, or expertise to make the most informed decision for themselves or their loved ones when it comes to elder care placement and housing options.

It is at this juncture that placement referral agencies can be of great help, or great harm to our most vulnerable Californians.

Referral agencies offer seniors and families assistance in finding placement in a care facility, often free of charge. They are able to provide these services by contracting directly with care facilities; receiving a fee or commission from the facility when they make a successful referral to that facility.

In spite of their ubiquity, these referral placement agencies are largely unregulated in California and the financial incentives they received are largely undisclosed to the senior being placed, or their families.

In 2011, the state of Washington enacted a law (H.B. 1494) to regulate elder placement referrals in response to an investigative report conducted by The Seattle Times. The Seattle Times reported that some referral companies did not disclose that they received a commission from facilities upon referral, oftentimes steering seniors to those facilities regardless of the patient's needs. Agencies have also been reported to have referred patients to facilities with known histories of poor care and neglect.

The lack of statutory and regulatory oversight provides for ample opportunity to misguide and harm consumers. This heightens the need to ensure that every placement agency meets some licensing requirements and seniors are not being referred to facilities that have lost their license to operate in California. Minimum standards for disclosure are needed so that seniors, and their families, can make the most informed choices when it comes to their long-term assisted care.

CURRENT LAW

Under the current licensing requirements for placement referral agencies, there are only 3 licensed referral agencies in California; an alarmingly low number compared to how many elder care facilities and seniors are using placement referral agency services to find long-term care housing.

Today, the most commonly sought after long-term care facilities are Residential Care Facilities for the Elderly (RCFE). However, the current law only applies to referral agencies that refer seniors to skilled nursing facilities. As a result of the growing scope of elder care in California, the law needs to be expanded to include referrals to RCFEs and ensure that referral agencies, who are working with our most vulnerable populations, are providing services that meet a reasonable and ethical standard.

Health and Safety Code 1400 states that it is unlawful for any person, association, or corporation to establish, conduct, or maintain a referral agency or to refer any person to any extended care, skilled nursing home or, intermediate care facility, or a distinct part of a facility providing extended care, skilled nursing home care, or intermediate care, without first having obtained a written license. This section does not include the majority of placement referral agencies who refer seniors to RCFE's; the most common option for senior housing in our state.

THIS BILL

- Requires placement referral agencies to disclose whether the agency shares any financial interest with a care facility, including whether a fee or commission is received, and other financial benefits resulting from the placement.
- Enacts provisions to guard the medical privacy of seniors, requires the referral agency to maintain liability insurance.
- Adds "residential care facility for the elderly" to the definition of referral agency.
- Requires referral agencies to be licensed under the Department of Social Services.

STATUS

- Assembly Committee on Appropriations

SUPPORT

- Consumer Federation of California (sponsor)
- AARP
- A Place for Mom
- AFSCME
- California Alliance for Retired Americans
- California Chapter National Association of Social Workers
- California Long Term Care Ombudsman Association
- CALPIRG
- County of Kern
- Consumer Attorneys of California
- Elder and Dependent Adult Abuse Prevention Council
- Institute on Aging
- Older Women's League Sacramento Capitol
- State Long-Term Care Ombudsman
- 6Beds, Inc.

OPPOSITION

- None

FOR MORE INFORMATION

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